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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 5, 2001

APPLICATION OF

PRINCE GEORGE ELECTRIC
COOPERATIVE

CASE NO. PUE010001

For approval of functional
separation pursuant to
the Virginia Electric Utility
Restructuring Act

APPLICATION OF

PRINCE GEORGE ELECTRIC
COOPERATIVE

CASE NO. PUE000734

For general increase
in rates

ORDER FOR NOTICE AND COMMENT AND
ESTABLISHING REVISED PROCEDURAL SCHEDULE

On December 29, 2000, Prince George Electric Cooperative ("PGEC" or "the Cooperative") filed an application for approval of a plan for functional separation pursuant to § 56-590 of the Virginia Electric Utility Restructuring Act, § 56-576 et seq. of the Code of Virginia, and the Commission's Regulations Governing the Functional Separation of Incumbent Electric Utilities under the Virginia Electric Utility Restructuring Act, 20 VAC 5-202-10 et seq. ("Regulations"). PGEC also requests certain limited waivers or exemptions of these Regulations.

Specifically, PGEC requests that the Commission waive the requirements of 20 VAC 5-202-40 B 7 for purposes of the above-referenced filing and accept and adopt the cost of service study filed by the Cooperative in Application of Prince George Electric Cooperative, For general increase in rates, Case No. PUE000734. PGEC also requests that the Commission waive 20 VAC 5-202-40 B 8 that requires that unbundled tariffs, rates, terms, and conditions be submitted with the Cooperative's functional separation plan. The Cooperative states that it submitted such information in Case No. PUE000734 and requests that the Commission accept and adopt that information for purposes of its filing in the functional separation proceeding. In support of its request, PGEC states that the rates developed in Case No. PUE000734 will provide the basis for its rate unbundling in Case No. PUE010001.

The Commission by order issued on January 19, 2001, in Case No. PUE000734 directed PGEC to give notice of its rate increase application; scheduled that matter for hearing on June 6, 2001; and established a procedural schedule for that proceeding.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that PGEC's functional separation plan should be considered in conjunction with the proceeding docketed as Case No. PUE000734. We will establish a separate case number for the Cooperative's functional separation proceeding. We will

reschedule the hearing originally set for June 6, 2001, and revise the procedural schedule established for Case No. PUE000734 pursuant to our Order dated January 19, 2001. Upon request from the public for a hearing, we will also hear evidence related to PGEC's functional separation plan on the revised hearing date scheduled in Case No. PUE000734. We will direct PGEC to publish the notice contained within this Order in lieu of our notice prescribed in our January 19, 2001, Order issued in Case No. PUE000734. Except as modified herein, all other provisions of our January 19, 2001, Order in that case remain in effect.

Accordingly, IT IS ORDERED THAT:

(1) Prince George Electric Cooperative's application for approval of its functional separation plan pursuant to the Virginia Electric Restructuring Act is hereby docketed as Case No. PUE010001.

(2) Upon receipt of this Order, PGEC shall forthwith make available for inspection at its offices during regular business hours copies of its application, exhibits, this Order, and all other materials filed in Case Nos. PUE010001 and PUE000734.

(3) The June 6, 2001, hearing established by our Order dated January 19, 2001, in Case No. PUE000734 is rescheduled for September 11, 2001, at 10:00 a.m. in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main

Street, Richmond, Virginia, for the purpose of hearing evidence relevant to the Cooperative's rate case application.

(4) Upon receipt of requests for hearing, any evidence on PGEC's plan for functional separation shall be presented at the above-referenced hearing scheduled in Case No. PUE000734.

(5) On or before March 20, 2001, PGEC shall forward the following notice, to be published as display advertising (not classified) in the May 2001 publication of Cooperative Living, in lieu of the notice directed in Ordering Paragraph (6) of our January 19, 2001, Order in Case No. PUE000734:

NOTICE TO THE PUBLIC OF APPLICATIONS
BY PRINCE GEORGE ELECTRIC COOPERATIVE
FOR A GENERAL INCREASE IN RATES
(CASE NO. PUE000734) AND FOR FUNCTIONAL
SEPARATION (CASE NO. PUE010001)

On December 29, 2000, Prince George Electric Cooperative ("PGEC" or "the Cooperative") filed an application with the State Corporation Commission ("Commission") to revise its rates, charges and Terms and Conditions of Service (Case No. PUE000734). The Cooperative made this filing under § 56-582 of the Virginia Electric Utility Restructuring Act, § 56-576 et seq. of the Code of Virginia (the "Restructuring Act"), which authorizes the establishment of capped rates from January 1, 2001, to July 1, 2007. As provided by § 56-582 A 3 of the Code of Virginia, the proposed revised rates and charges took effect on January 1, 2001, on an interim basis and subject to refund.

PGEC seeks approval of proposed tariff revisions that will produce additional annual Commission jurisdictional revenue of \$1,115,845.00, in 2001, representing an

increase of 8.39% over the Cooperative's present rates, and producing a Times Interest Earned Ratio ("TIER") of 2.00. PGEC also proposes unbundled rates in its application that it proposes to place into effect on January 1, 2002.

Further, the Cooperative has proposed various revisions to its Terms and Conditions of Service, including those governing extensions of its facilities, as well as revisions that would allow it to convert its meter reading system to automated remote meter reading equipment in the future. PGEC also proposes to change its method of after-hours collection of amounts owed to the Cooperative when the customer requests reconnection of service after regular business hours. The details of these and other tariff revisions are set out in PGEC's rate application and accompanying documents in Case No. PUE000734. The Commission may adopt tariffs and rates and authorize a revenue requirement that differs from PGEC's proposal in its final determination of this matter.

On December 29, 2000, PGEC also filed an application for approval of a plan for functional separation (Case No. PUE010001) pursuant to § 56-290 of the Restructuring Act and the Commission's Regulations Governing the Functional Separation of Incumbent Electric Utilities Under the Virginia Electric Utility Restructuring Act, 20 VAC 5-202-10 et seq. In its application, PGEC also requests certain limited waivers or exemptions.

Specifically, PGEC requests that the Commission waive the requirements of 20 VAC 5-202-40 B 7 for purposes of the above-referenced filing and accept and adopt the cost of service study filed by the Cooperative in Case No. PUE000734. In addition, PGEC also requests that the Commission waive 20 VAC 5-202-40 B 8 that requires that its unbundled tariffs, rates,

terms, and service conditions be submitted with the above-captioned application. The Cooperative states that it submitted such information in Case No. PUE000734, and requests that the Commission accept and adopt that information for purposes of its filing in its functional separation plan as the rates developed in Case No. PUE000734 will provide the basis for its rate unbundling in this proceeding.

A public hearing on PGEC's application for a general rate increase shall be convened before a Hearing Examiner on September 11, 2001, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia. In the event the Commission receives requests for hearing on PGEC's application for approval of its functional separation plan, evidence in that proceeding shall also be heard.

Copies of PGEC's applications and accompanying documents are available for public inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, at the State Corporation Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, or can be ordered from counsel for PGEC at the address detailed below. Copies of the applications may also be reviewed at PGEC's office in Waverly, Virginia, during regular business hours.

Any person desiring to comment in writing on PGEC's applications, request for waivers, or to request a hearing on PGEC's functional separation plan may do so by filing an original and fifteen (15) copies of such comments or requests on or before July 6, 2001, to Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Requests for hearing should indicate the

precise aspect of PGEC's functional separation plan application on which hearing is sought and the evidence the person expects to introduce at such a hearing. Written comments on the general rate increase application must refer to Case No. PUE000734. Persons filing written comments or requests for hearing on PGEC's functional separation plan must refer to Case No. PUE010001. A copy of the comments or requests for hearing in the above-referenced cases shall be simultaneously mailed to counsel for PGEC as follows: Eric M. Page, Esquire, Micheal L. Hern, Esquire, John A. Pirko, Esquire, and Robert A. Omberg, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

Any person desiring to make a statement at the public hearing concerning the applications need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff as a public witness.

On or before July 6, 2001, any person desiring to participate as a Protestant, as defined in Rule 4:6, 5 VAC 5-10-180, of the Commission's Rules of Practice and Procedure ("Rules"), in either Case Nos. PUE000734 or PUE010001, shall file with the Clerk of the Commission at the address set forth above an original and fifteen (15) copies of a Notice of Protest, as provided in Rule 5:16(a), 5 VAC 5-10-420 B. Such persons shall serve a copy of the same on counsel for PGEC in the appropriate proceeding.

Any person who expects to participate as a Protestant should promptly obtain a copy of the Order for Notice and Comment and Establishing Revised Procedural Schedule in Case No. PUE010001 and the Order for Notice and Hearing in Case No. PUE000734, for

complete details of the procedural schedule and instructions on participation.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-971-9206 (TDD).

All written communications to the Commission concerning the Cooperative's application should be directed to the Clerk of the Commission at the address set forth above and should refer to the appropriate case number (Case No. PUE000734 for the general rate case or Case No. PUE010001 for the functional separation plan).

PRINCE GEORGE ELECTRIC COOPERATIVE

(6) On or before March 20, 2001, PGEC shall serve a copy of this Order on the Commonwealth's Attorney and Chairman of the Board of Supervisors of any county and upon the Mayor or Manager and attorney of any county, city, or town (or on equivalent officials in counties, towns, and cities have alternate forms of government) within PGEC's service area. Service shall be made by first class mail or delivery to the customary place of business or residence of the person served.

(7) On or before March 20, 2001, PGEC shall serve a copy of this Order together with its applications and accompanying materials on all parties of record appearing in the Cooperative's last rate case. Service shall be by first-class

mail or delivery to the customary place of business or residence of the person served.

(8) On or before March 20, 2001, the Cooperative shall file with Joel H. Peck, Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional direct testimony it intends to present in support of its application for a rate increase.

(9) On or before July 6, 2001, any person desiring to comment in writing on PGEC's applications or request for waivers or to request a hearing in PGEC's functional separation plan may do so by directing an original and fifteen (15) copies of such written comments or request for hearing to the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above. Such comments must refer to Case No. PUE000734 or Case No. PUE010001 as appropriate. Any request for hearing on PGEC's application for functional separation plan must identify the precise aspects of the application on which a hearing is sought and shall identify the evidence the person proposes to introduce at such a hearing. A copy of such comments or requests simultaneously shall be sent to counsel for PGEC, Eric M. Page, Esquire, Micheal L. Hern, Esquire, John A. Pirko, Esquire, and Robert A. Omberg, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. Any person

desiring to make a statement at the public hearing concerning the applications need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

(10) On or before July 6, 2001, any person expecting to participate as a protestant as defined in Rule 4:6, 5 VAC 5-10-180 of the Commission's Rules of Practice and Procedure ("Rules"), shall file with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Protest as required by Rule 5:16(a), 5 VAC 5-10-420 B, and shall serve a copy of the same on counsel to PGEC at the address set forth in Ordering Paragraph (9) above. Service upon the Clerk of the Commission shall be directed to the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above, and shall refer to the appropriate case numbers (Case No. PUE000734 for the general rate case) or (Case No. PUE010001 for the functional separation plan).

(11) Within five (5) days of the receipt of a Notice of Protest, PGEC shall serve upon each Protestant a copy of this Order, a copy of the appropriate application, and all materials now and hereafter filed with the Commission.

(12) On or before July 20, 2001, any person who expects to participate as a Protestant shall file with the Clerk of the

Commission at the address set forth in Ordering Paragraph (8) above an original and fifteen (15) copies of a Protest as provided in Rule 5:16 (b), 5 VAC 5-10-420 C, together with an original and fifteen (15) copies of the testimony and exhibits the Protestant intends to present at the September 11, 2001, hearing. A copy of such Protest and testimony simultaneously shall be sent to counsel for PGEC at the address set forth in Ordering Paragraph (9) above and to all other parties.

(13) The Cooperative shall respond to written interrogatories within seven (7) business days after the receipt of the same. Protestants shall provide to PGEC, other Protestants, and Staff any workpapers or documents used in the preparation of their prefiled testimony promptly upon request. Except as modified herein, discovery shall be in accordance with Part VI of the Rules.

(14) On or before August 1, 2001, the Commission Staff shall investigate PGEC's applications and shall file with the Clerk of the Commission an original and fifteen (15) copies of the prepared testimony and exhibits Staff intends to present at the public hearing scheduled for September 11, 2001.

(15) On or before August 23, 2001, PGEC shall file with the Clerk of the Commission an original and fifteen (15) copies of all testimony it expects to introduce in rebuttal to all of the direct prefiled testimony and exhibits of the Commission Staff

and Protestants. Additional rebuttal evidence may be presented without prefiling, provided it is presented in response to evidence which was not prefiled, but elicited at the time of the hearing and, provided further, the need for such evidence is timely addressed by motion and leave to present said evidence is granted by the hearing examiner.

(16) On or before June 1, 2001, PGEC shall file with the Clerk of the Commission proof of the publication and service as directed in Ordering Paragraphs (5), (6), and (7) herein.

(17) All other provisions of our January 19, 2001, Order in Case No. PUE000734 shall remain in full force and effect.